Strategy to Dollars in POM-06

Outline…

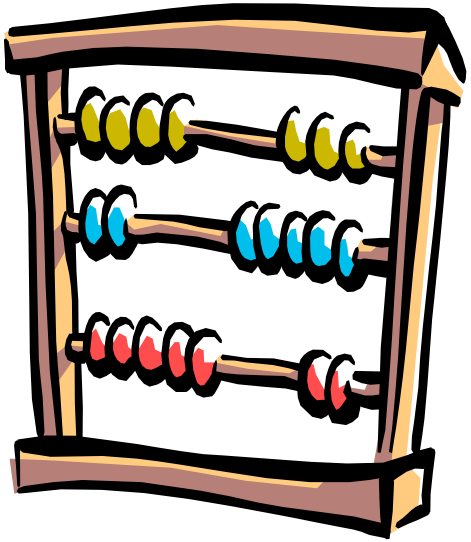
- Background
- Perspective
- PPBE 101
- POM-06
- Wrap-Up

Presented by
LCDR Jim Hendrickson
OPNAV (N801E1)

POM-06

Background … Resourcing Process (Pre-1961)

- Budget not directly linked to military strategy
- Service budgets developed independently… no inter-service tradeoffs
- Driven by money …
  - Limited by fiscal ceilings
  - Short term-budget year focus
  - Resources reviewed as appropriations rather than mission



POM-06

Background … Resourcing Process (Post-1961)

- McNamara & “whiz kids” established Planning Programming Budgeting System (PPBS)
- Goals …
  - Link strategy and budget
  - Enable cross service analysis & tradeoffs
  - Inject analytical rigor
  - Consider cost-capability analysis & trade-offs
- Budget driven by mission

A budget linked to strategy and objective

POM-06

Outline

- Background
- **Perspective**
- POM-06
- Wrap-Up

POM-06

Perspective …
Ramping Down Since 1988

1988 - Cold War
The Maritime Strategy

-25%

1992 - Transition
"From the Sea"
450 Ship Navy

-17%

2003 - QDR Force
375 Ship Navy

Our 2004 force will be 38% smaller than that planned in 1988

293 Ships and 950 Aircraft as of Jan 04

Smaller … but still big!

POM-06

Perspective … How Big? … $124B (Navy)

	TY$B 2003	GDP%
Gross Domestic Product	11,004	100%
Federal Budget	2,158	20%
Wealthiest 50 Americans	497	5%
Dept of Defense Budget	456	4%
Navy TOA	124	1.1%

POM-06

Outline

- Background
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- PPBE 101
- Wrap-Up

POM-06

PPBE 101 …
The Big Picture

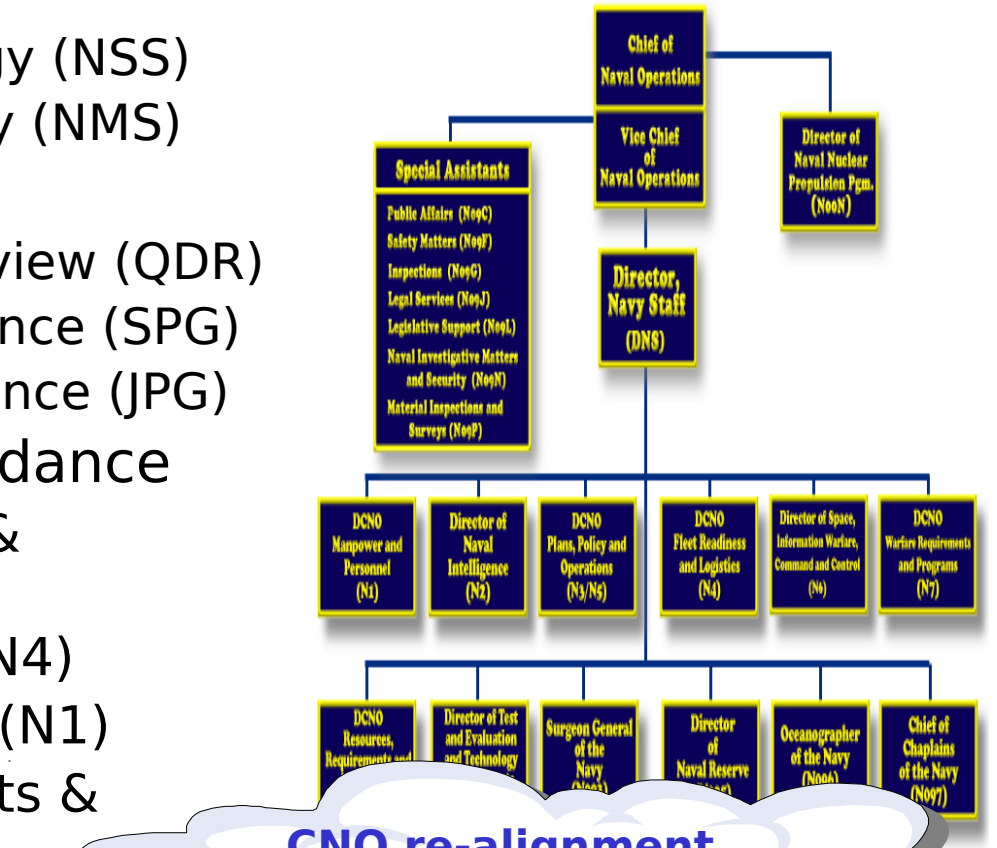
- **PLANNING**
  - Identify military capabilities required to meet evolving threats
- **PROGRAMMING**
  - Define what systems deliver the capabilities
  - Optimize…get the biggest bang for the buck…cost-capability tradeoffs
  - Assess risk
- **BUDGETING**
  - Program pricing
  - Distribution
  - Execution
- **EXECUTION**
  - Develop performance metrics
  - Assess actual output vs planned performance
  - Adjust resources to achieve desired performance goals

POM-06

PPBE 101 … Key Players

- President –
  - National Security Strategy (NSS)
  - National Military Strategy (NMS)
- SECDEF (OSD) –
  - Quadrennial Defense Review (QDR)
  - Strategic Planning Guidance (SPG)
  - Joint Programming Guidance (JPG)
- SECNAV/CNO – CNO Guidance
  - Warfare Requirements & Programs (N7)
  - Readiness & Logistics (N4)
  - Manpower & Personnel (N1)
  - Resources, Requirements & Assessments (N8)
- Fleet Input (CFFC)

OPNAV Staff

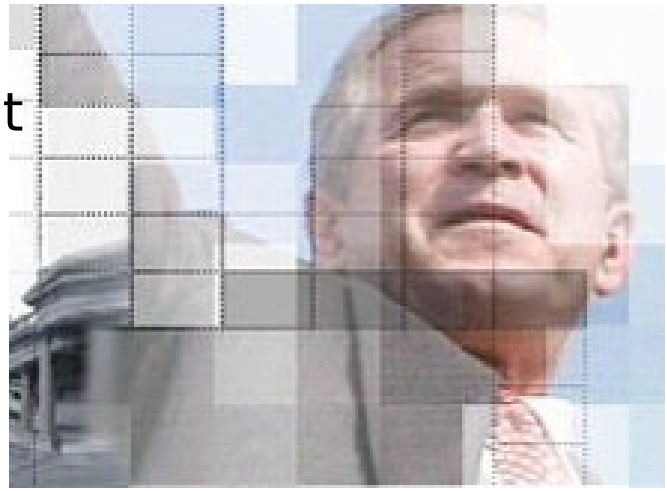

Chief of Naval Operations
Vice Chief of Naval Operations
Director of Naval Nuclear Propulsion Pgm. (N00N)
Special Assistants
Public Affairs (N09C)
Safety Matters (N09F)
Inspections (N09G)
Legal Services (N09J)
Legislative Support (N09L)
Naval Investigative Matters and Security (N09N)
Material Inspections and Surveys (N09P)
Director, Navy Staff (DNS)
DCNO Manpower and Personnel (N1)
Director of Naval Intelligence (N2)
DCNO Plans, Policy and Operations (N3/N5)
DCNO Fleet Readiness and Logistics (N4)
Director of Space, Information Warfare, Command and Control (N6)
DCNO Warfare Requirements and Programs (N7)
DCNO Resources, Requirements and
Director of Test and Evaluation and Technology
Surgeon General of the Navy
Director of Naval Reserve
Oceanographer of the Navy (N096)
Chief of Chaplains of the Navy (N097)

CNO re-alignment … established CFFC as the fleets single voice in the resourcing process

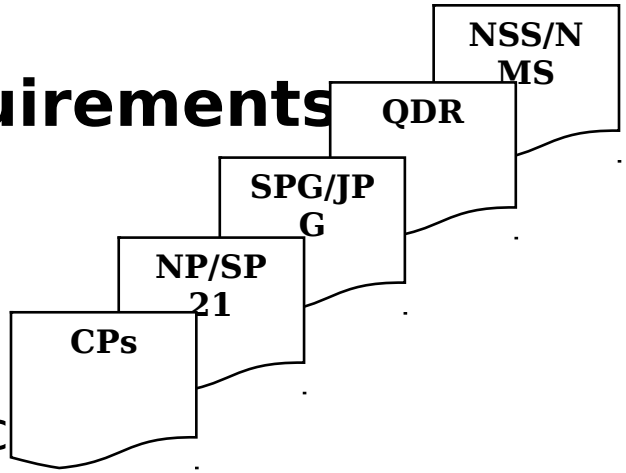
POM-06

Planning …
The Objectives

- **Identify National interests**
  - Examine socio-political environment
  - Determine US role & objectives
  - Bound defense requirements
- **Determine service roles**
- **Develop service strategy**
  - Naval Power 21
  - Sea Power 21



- **Identify future capability requirements**
- **Develop Capability Plans**
  - Project anticipated threats … develop scenarios
  - Conduct analysis to test construc



POM-06

Programming … The Objectives

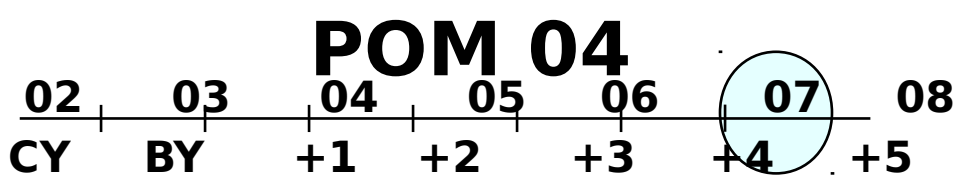
- Translate long range (FYDP) capability requirements into definitive programs … i.e. weapons systems
- Comply with…
  - Strategic Planning Guidance (SPG)
  - Joint Programming Guidance (JPG)
  - OSD Fiscal Guidance
  - DoN Programming Guidance
- Determine how much we can afford
- Optimize allocation through “Capability Plans”

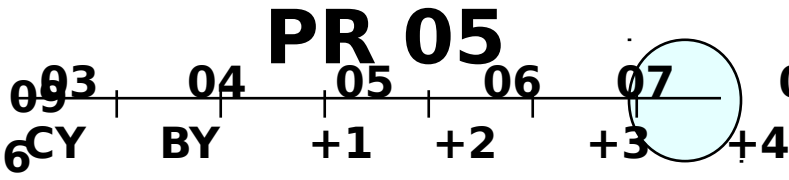
The Product … Program Objectives Memorandum (POM)

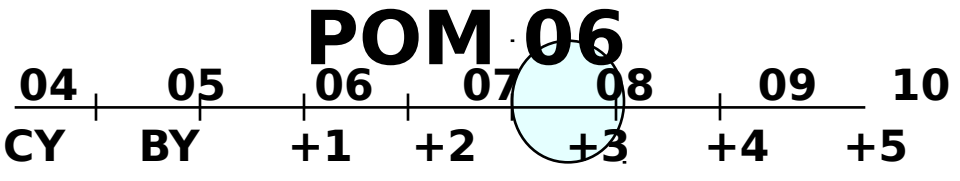
POM-06

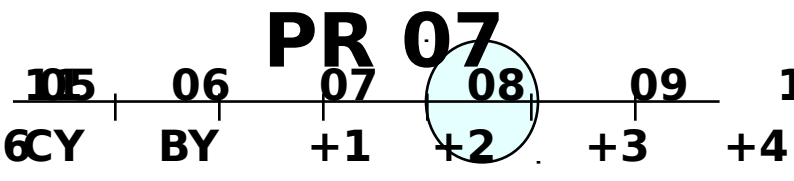
Programming …
POM vs PR

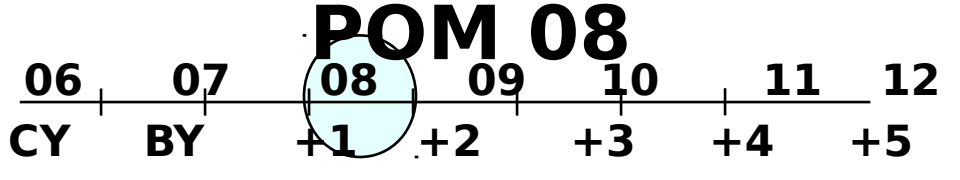
- POM …
  - Even year … comprehensive review … 6 yrs
- PR …
  - Odd year … focused issues only … 5 yrs

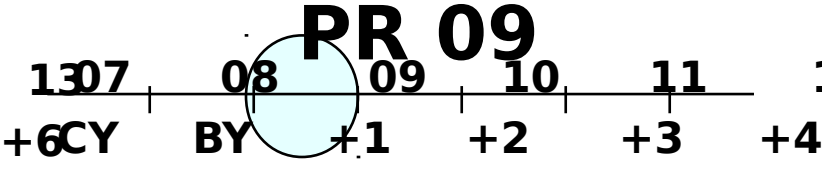












POM-06

Budgeting … The Objectives

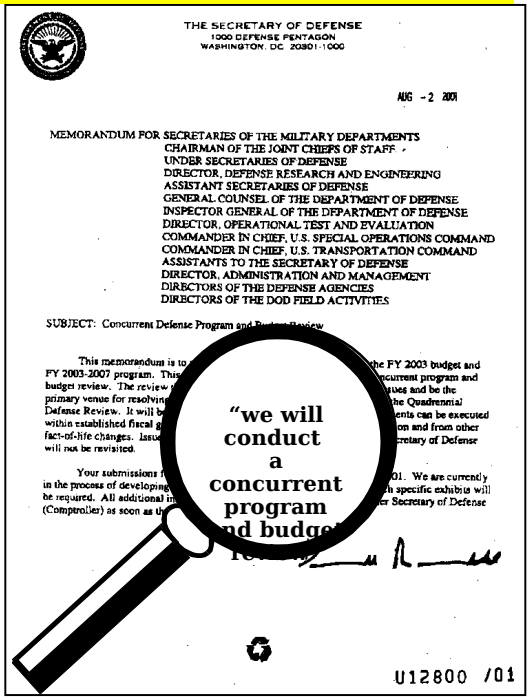
- Accurate and Defendable …
  - Pricing
  - Up to date
  - Solid justification/documentation
  - Balanced across accounts i.e. SCN-MI

- Executable …
  - Focused on “Budget Years”
  - Realistic procurement plans with matching personnel pipelines
  - Accurate maintenance schedules
  - Responsive to…
    - Congressional adjustments
    - Program Decision Memoranda
    - OSD & OMB fiscal guidance

POM-06

PPBE 101 … The Time Line

NEW


THE SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000
AUG -2 2001
MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
COMMANDER IN CHIEF, U.S. SPECIAL OPERATIONS COMMAND
COMMANDER IN CHIEF, U.S. TRANSPORTATION COMMAND
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES
SUBJECT: Concurrent Defense Program and
"we will conduct a concurrent program
U12800 /01

Long & complex process … many players …numerous reviews

OCT NOV DEC JAN FEB MAR APR MAY JUN JUL AUG SEP OCT

Planning	Programming	Budgeting	Execution	Review (OSD)

Capability Plans:
- On going analysis

Strategic Planning Guidance-OSD Fiscal Guidance-DoN Programming

Tentative Program Objective Memo (TPOM)

Navy Program :
- Program Objective Memo (POM)
- Budget Estimate Submission (BES)

Program Review:
- POM Review (PA&E)
- Budget Review (C)

POM-06

Program Review …
Program & Budget

- Office of Secretary of Defense (OSD) …
  - Planning Analysis & Evaluation (PA&E)
  - Comptroller (C)
- Check…
  - Guidance compliance
  - Cross service integration (Joint)
  - Budget accuracy/execution
- Outputs …
  - PDM … Program Decision Memorandum
  - PBDs … Program Budget Decisions

POM-06

PPBE 101 … Affordability & The End Game

Navy Top Line

Navy Program of Record (POR) …

- Base line program
- What we decided on last year

This year's POM

$500M FY06 … $4B FYDP

SPG/JPG…

- Joint war fighting requirements
- Recapitalization
- System Integration

End Game …

Balances the budget through negotiation and a tradeoff of Navy & OSD programmatics

Real Life Contingencies …

Global War on Terrorism (GWOT)

- Must sustain readin

Simple Math …
Top line – POR – SPG/JPG – GWOT = -$4B

POM-06

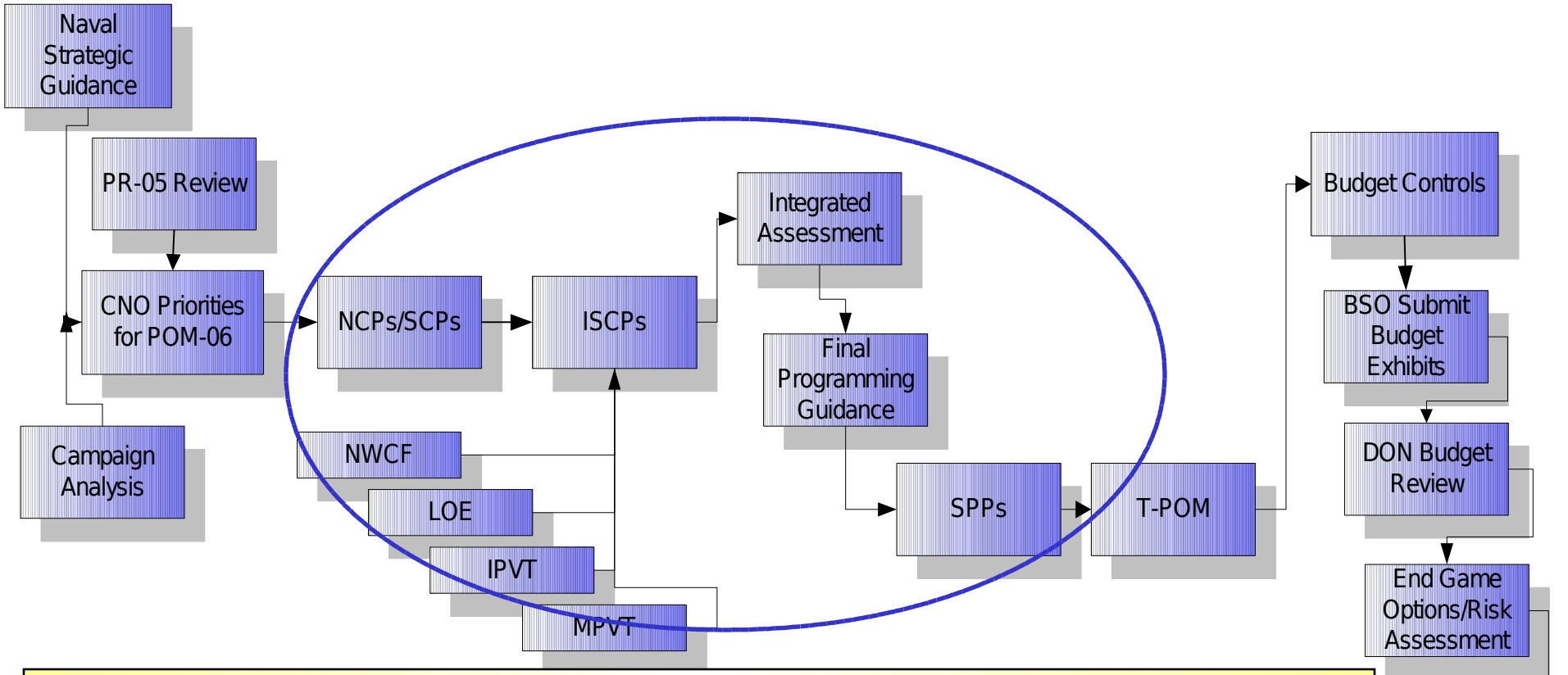
Outline

- Background
- Perspective
- PPBS 101

POM-06

POM-06

POM 06 … The Road Ahead



Sponsor Capability Plan (SCP) – Identify and prioritize requirements w/in warfighting and readiness.

Integrated SCP (ISCP) – SCP cross-section analysis.

Sponsor Program Proposal (SPP) – Resource sponsor proposal provides recommended allocation across

POM-06

Wrap Up

PPBE …

- It's a mature process … been with us since the early 60's
- Links National security and budget strategy
- Structured but dynamic

POM-06 …

- Maintains improvements in the readiness accounts
- Significant capital investment … buys transformational ships and aircraft … but not enough to get to a 375 ship Navy
- Also invests in modernization … bringing some critical systems up to da

Sea Enterprise

From strategy to dollars … a focused and optimal investmen in warfighting capability for today and tomorrow!

Navy Requirements, Acquisition, and the JCIDS Process

LCDR Ron Roberson
N810Q
PNT 5E476 693-9640

Objectives

- N810/Sponsor roles
- Requirements to Acquisition Interface
- JCIDS Process

Source Documents

CJCSI 3170.01C
24 June 2003

Joint Capabilities Integration and Development System

DODI 5000.2
12 May 2003

Operation of the Defense Acquisition System

DODD 5000.1
12 May 2003

The Defense Acquisition System

ASN(RD&A) Website:
www.hq.navy.mil/rda

SECNAVINST 5420.188E
"Acquisition Category (ACAT) Program Decision Process"

CJCSI 6212.01B
08 May 2000*
Interoperability and Supportability of National Security Systems and Information Technology

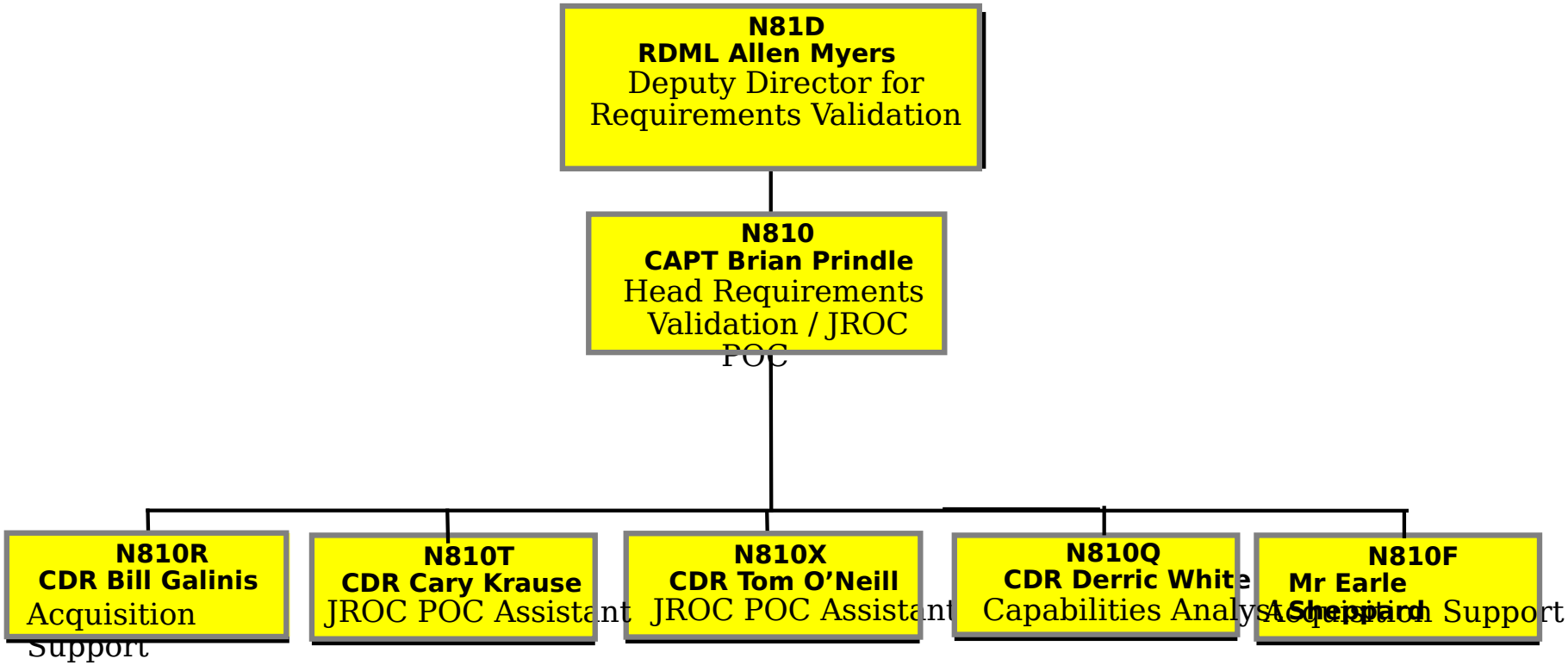
SECNAV INST 5000.2B

6 DEC 96*

DOD Acquisition Deskbook
http://www.deskbook.osd.mil

* Revision in progress

N810 Requirements Validation



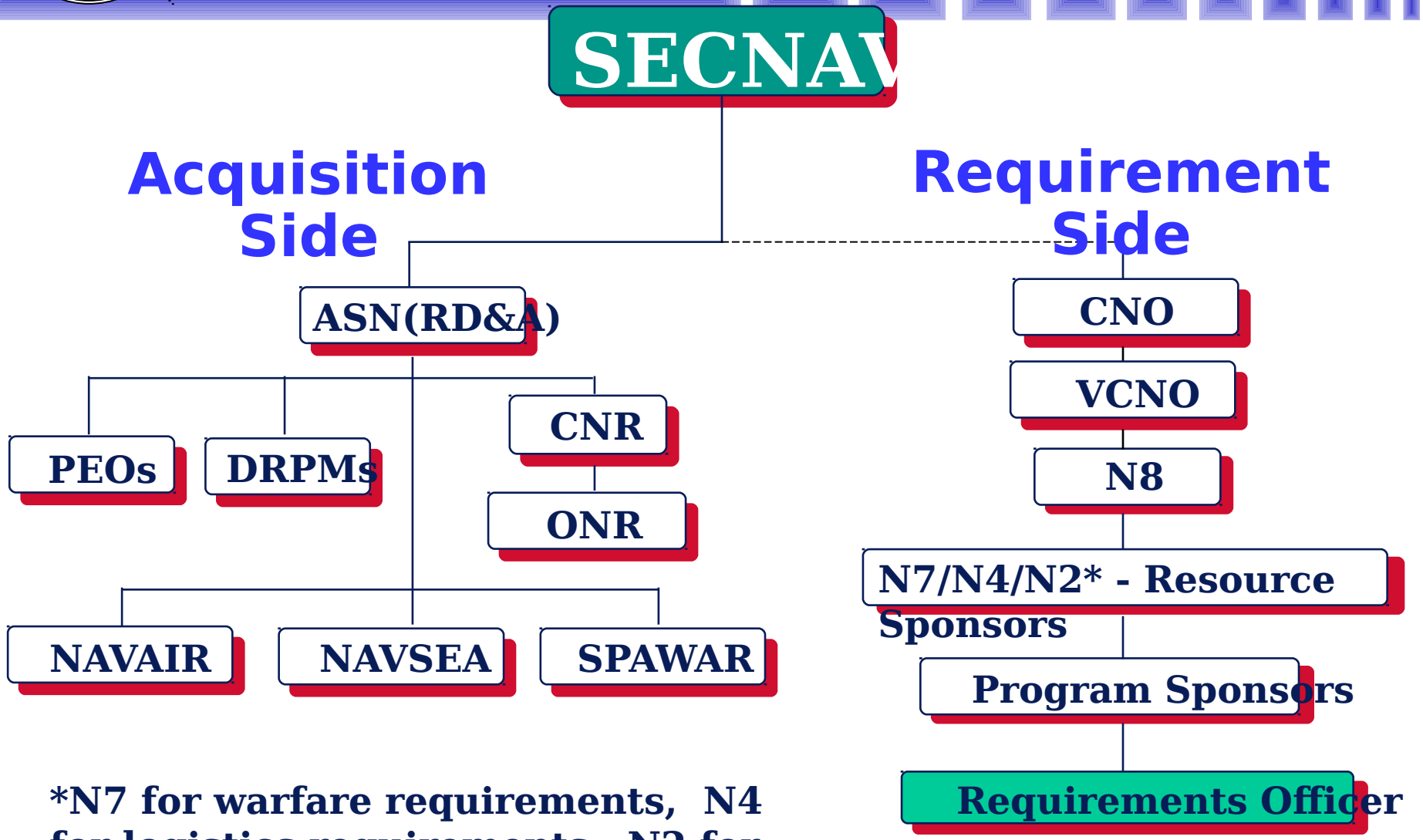
N810 Responsibilities

- Navy POC for Joint Requirements Oversight Council (JROC)
  - VCNO's single Navy POC for the preparation/coordination of Navy positions on JROC process issues
  - JS's single OPNAV interface for capability document staffing
- N8's action office supporting his role as requirements approval/endorsement authority
  - Provides recommendations for approval/endorsement of capability documents; provides recommendations for endorsement on Acquisition Program Baseline (APB) reviews
  - Navy Capability Document archives
- Capabilities/Acquisition information resource
  - OPNAV expertise on capabilities process (CJCSI 3170 and 6212)
  - Capabilities AO Course and in-process training
  - OPNAV expertise of DOD/SECNAV 5000 series instructions
  - Acquisition Program Baseline (APB) process support

Sponsor's Key Duties

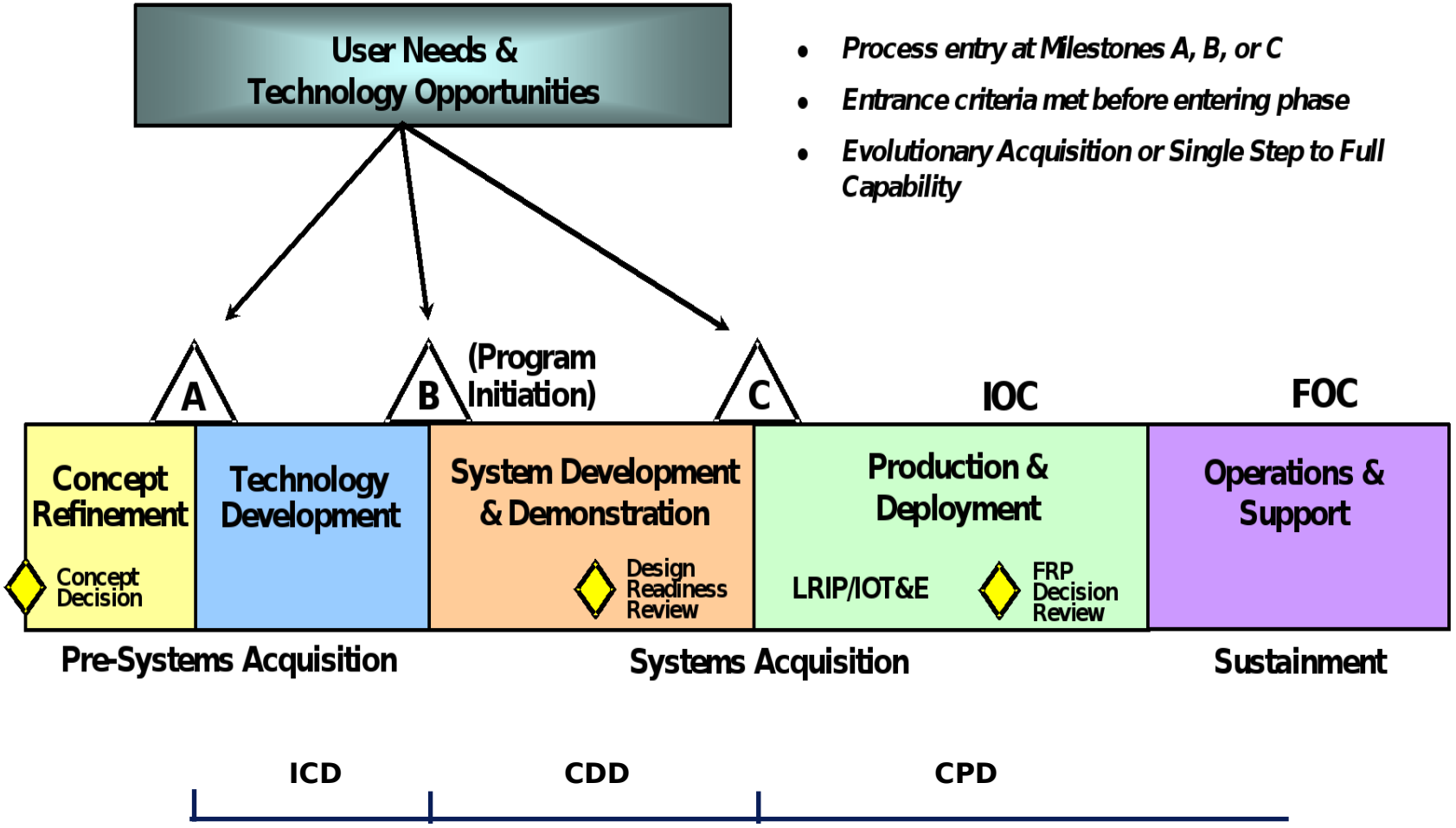
- Provides subject matter expertise to CNO which includes:
  - Generating & revising program requirements
  - Interface with acquisition & test communities
  - Ensure program progress tracks well towards meeting each CDD/CPD performance parameter's threshold/objective
  - Preps for program operational employment
  - Input to the POM process (PPBE)
- Provides subject matter expertise to VCNO which include:
  - Reviewing Navy and other service capabilities documents to support consolidated Navy positions
  - Supporting JROC POC requests for information, SME, and positions for JROC preps

Navy Procurement



*N7 for warfare requirements, N4 for logistics requirements, N2 for Intel requirements.

Defense Acquisition Management Framework

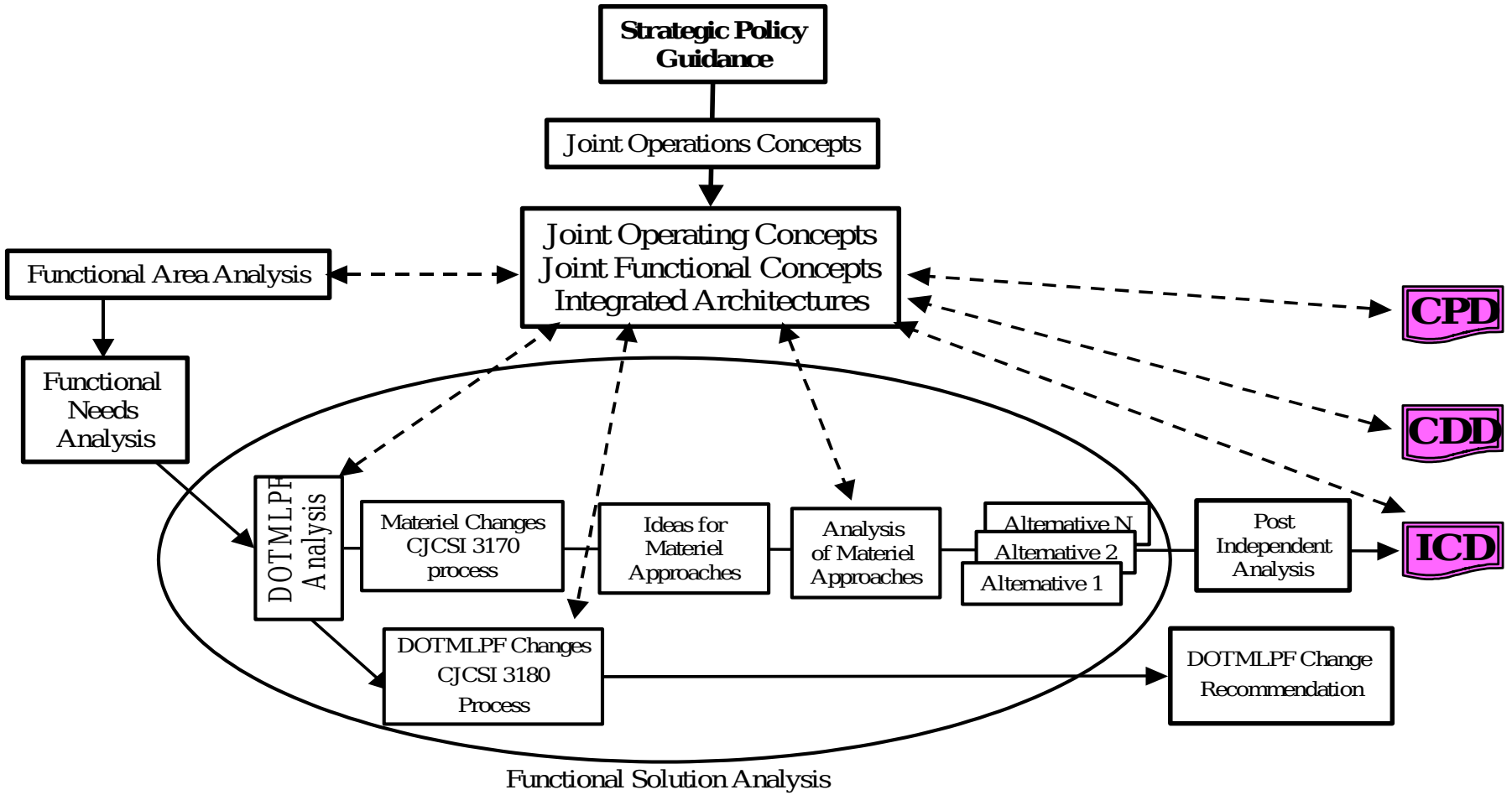


- *Process entry at Milestones A, B, or C*
- *Entrance criteria met before entering phase*
- *Evolutionary Acquisition or Single Step to Full Capability*

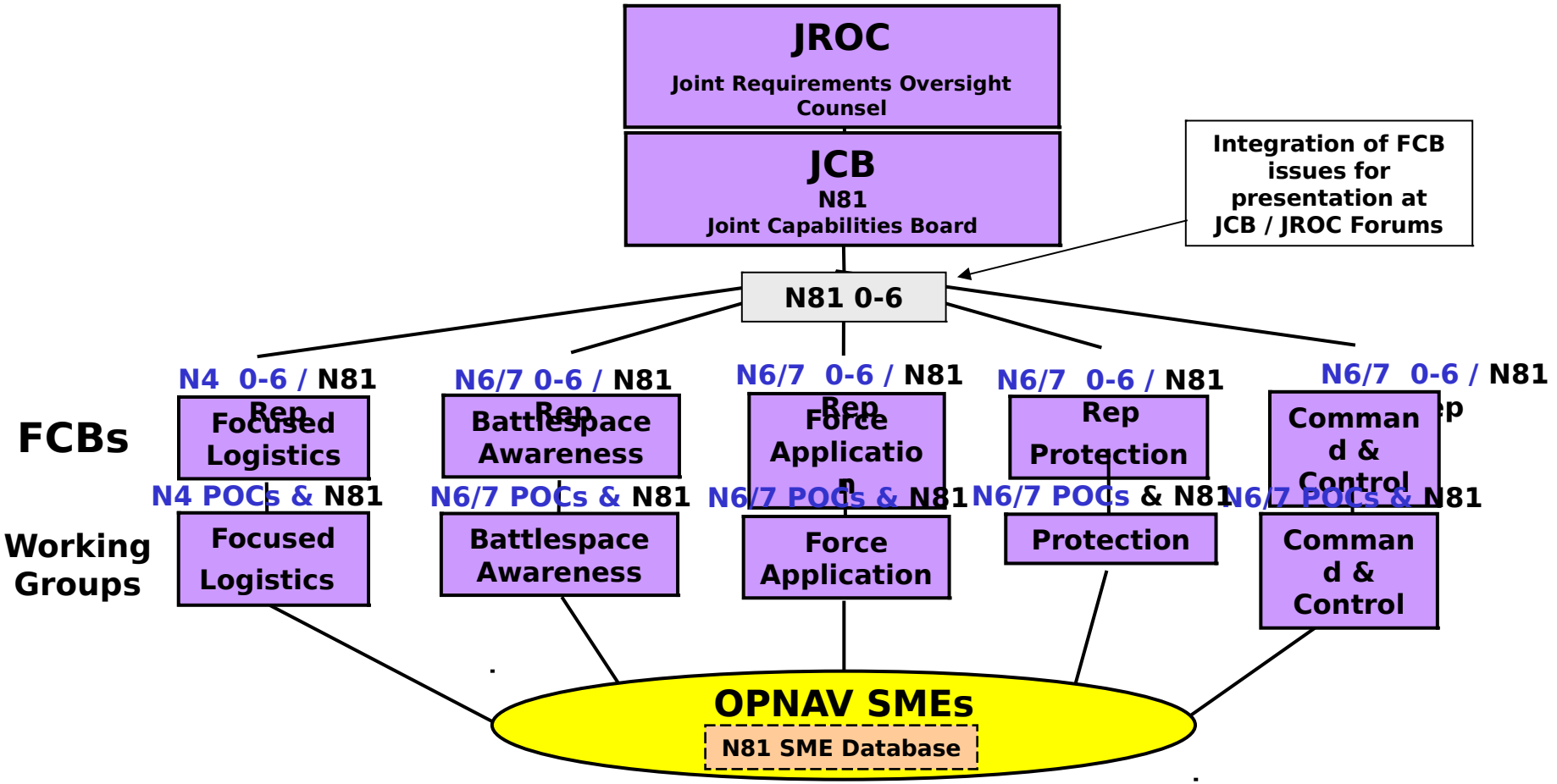
Joint Capabilities Integration and Development System (JCIDS)

- Top-down process
- Joint concept-centric capabilities identification process
- Determine capability gaps
- Develop joint solutions to fill capability gaps
  - Solutions “born” joint vice joint deconfliction

JCIDS Analyses



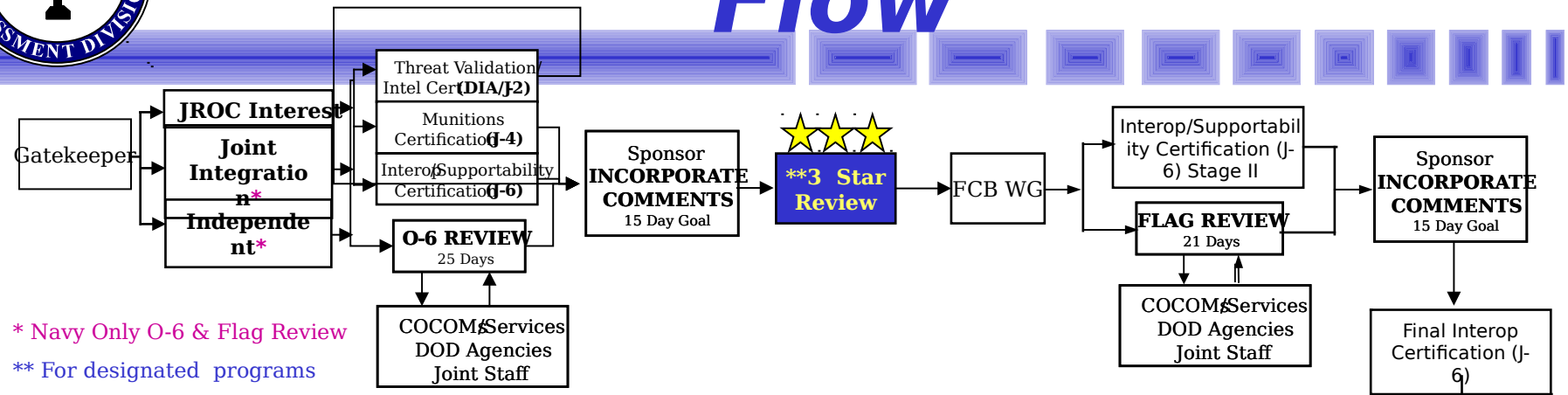
Capabilities Oversight



JWCA / FCB efforts – Led by N81 and supported by OPNAV SMEs based on issues being addressed

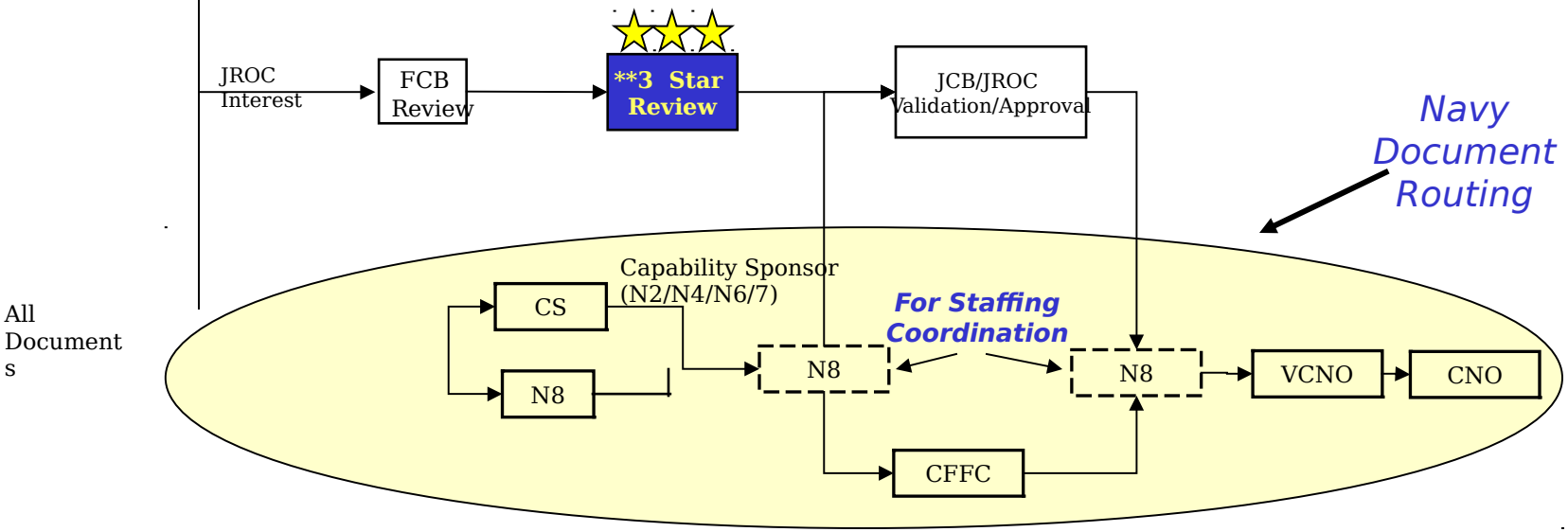
Includes representatives from OPNAV codes (including – N1, N20, N42, N41, N70, N75, N76, N77, N78, N79, N61, N63)

Navy JCIDS Document Flow



* Navy Only O-6 & Flag Review

** For designated programs



Take Aways…

- ✓ Start early
- ✓ Read the instructions
- ✓ Stop by for a process brief
- ✓ Call us when you have a question

Pentagon Room 5E476
Com:(703) 693-9640
FAX: (703) 693-5980

BACK-UPS

FCB Leads/N81 Reps

LEAD		N81 REP/SME	
FA	CAPT(S) Healy	N6/7	CAPT Prindle/CDR Craig
BA	CAPT Hoeing	N6/7	CAPT Prindle/CDR Schebler
C2	CAPT Hardy	N6/7	CAPT Prindle/CDR Oberst
P	CAPT Janikowski	N6/7	CAPT Prindle/CDR Bernardi
FL	CAPT Kojm	N4	CAPT Prindle/CDR Ponds
	CAPT Rowland	N6/7	

FCB Leads assign JWCA SMEs

N81 continues JWCA support

cquisition Categories (ACAT)

Category	Criteria (FY$)	Document/KPP Approval/Validation Authority	Milestone Decision Authority
ACAT ID	>$365M RDTE or >$2.190B Procurement	JROC	USD(A&T)
ACAT IC	(Same)	JROC	USD(A&T)
ACAT IAM (IT systems)	>$378M Lifetime or >$126M Program or >$32M Single Year	JROC	ASD(C3I)
ACAT IAC	(Same)	JROC	ASD(C3I)
ACAT II	>$140M RDTE or >$660M Procurement	N8	ASN(RDA)
ACAT III	Combat Capability	N8	ASN(RDA)
ACAT IV(T)	Requires OT&E	N8	ASN(RDA)
ACAT IV(M)	No OT&E	N8	ASN(RDA)

Functional Area Analysis

- Identifies operational tasks, conditions and standards needed to achieve military objectives
- Led by sponsor
- Inputs:
  - National Strategies
  - Joint Operating Concepts (JOC)
  - Joint Functional Concepts (JFC)
  - Integrated Architectures
  - Universal Joint Task List (UJTL)
- Outputs:
  - Tasks to be reviewed in follow-on functional needs analysis
  - Cross capability and cross system analyses

Functional Needs Analysis

- Assesses the ability of current and programmed joint capabilities to tasks identified in the FAA
- Led by sponsor
- Inputs:
  - Tasks in FAA
- Outputs:
  - Capability gaps or shortcomings
  - Time frame of needed solutions
- Describes:
  - Capability gaps/overlaps, key attributes/capabilities, additional function areas involved in the problem/solution
- Identifies JROC approved functional MOE

Functional Solution Analysis

- Operational based assessment of potential DOTMLPF approaches to solving capability gaps
- Sponsor led
- Inputs:
  - Needs identified in FNA
- Outputs:
  - Potential solution needs, in order of FSA solution priority
- Three substeps:
  - DOTMLPF Analysis
  - Ideas for Material Approaches
  - Analysis of Material Approaches
- Post Independent Analysis